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Industrial peace and  
industrial efficiency

[West Hartlepool]

[1908]

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*Industrial Peace*

AND

*Industrial Efficiency.*

PROPOSALS  
SUBMITTED

BY

**Sir Christopher Furness**

M.P., J.P., D.L.

TO A

**Conference**

OF

**Trades-Union Representatives**

WEST HARTLEPOOL,

October 7th, 1908.

308  
Z  
Box 22

INDUSTRIAL PEACE  
AND  
INDUSTRIAL EFFICIENCY

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*Proposals submitted by*  
SIR CHRISTOPHER FURNESS, M.P.,  
TO A  
**Conference**  
OF  
TRADES-UNION REPRESENTATIVES.

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HELD,  
IN THE COUNCIL CHAMBER OF THE MUNICIPAL BUILDINGS,  
WEST HARTLEPOOL,

*On the 7th day of October, 1908.*

m. 21, 1916. B. 13.

West Hartlepool :

PRINTED BY ALEXANDER SALTON, LIMITED,  
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—  
1908.

## Foreword.

AS is widely known, a state of acute crisis, involving a serious measure of unemployment, much suffering, and appreciable damage to the trade-future of the area, has existed in the Shipbuilding Industry of the North-East Coast of England for some time past.

This crisis has been due, not only to an abnormal depression of trade, but even in a more considerable degree to a disturbing amount of friction in the relations of employer and employé, which so retarded work in hand as to entail serious financial loss, and interrupted greatly the course of business in relation to the booking of orders for new tonnage.

Such unhealthy conditions naturally demanded serious consideration, and Sir Christopher Furness, the Chairman of Furness, Withy & Company, Limited, after much and anxious deliberation, invited the representatives of the Trades Unions interested in the Industry to confer with him on the situation, so full of gravity for both workmen and employers, and to listen to propositions he was prepared to submit as a means of promoting better feeling, and of placing the Industry once again on a footing of concord, stability, and prosperity.

The Conference took place on Wednesday, October 7th, 1908, in the Council Chamber of the County Borough of West Hartlepool, and this pamphlet presents the Speech with which Sir Christopher opened the proceedings.

## Industrial Peace

AND

## Industrial Efficiency.

THE AUTHORISED REPORT OF  
SIR CHRISTOPHER FURNESS'  
SPEECH TO THE DELEGATES.

I HAVE invited you to meet me to-day in order that we may confer in a friendly way upon the present exceptionally grave crisis in the Shipbuilding Industry. My aim and hope is that we may be able to arrive at a method whereby the relations between Capital and Labour may henceforth proceed upon a more harmonious footing.

We are chiefly concerned, of course, with the question as it affects the important establishments at this Port for whose welfare I am responsible, and in which you, or most of you, are employed; but if we succeed in our object, our experience may point the way to others, and so enable the entire Industry to begin a new and more prosperous era in its history.

With the masters in one corner and the men in another—with forces opposed in battle array which ought to be in co-operation—the old basis is played out. These close federations *outside* the Works spell ruin to the Shipbuilding Industry of this country! What we need to-day is federation *inside* the Works—a federation of goodwill between masters and men—harmony instead of discord.

Does that sound a trifle sentimental? Well, I am not here to talk sentiment. Believe me it is the hard fact of the day that if the industries of this country are to be retained and to flourish in the future as they have flourished in the past, the relations between Capital and Labour must be so adjusted that it will be palpably in the direct interest of both to work to one and the same end.

While the strikes themselves—I am speaking of the general, not the sectional strikes—are of the past, the crisis in our industry is nevertheless still acute, and will continue so unless we can together fashion out machinery whereby these conflicts may be avoided in the future. Somehow or other, striking will have to be a thing of the past if the business of shipbuilding is ever again to flourish amongst us.

Let me say at once that I am sincerely desirous that our Conference—I prefer to think of it as our Family Council—should be honest in intent, honest in thought, honest in execution: let us above all things, be free from malice and uncharitableness—in a word, frank and fair to each other and each other's interests; so that, if we must separate with a confession of failure, we will at any rate separate with the knowledge that the source of failure lies in the complexity of the facts, not in the bitterness of our own hearts.

My address to you will necessarily be lengthy, but not longer than the importance of the subject warrants or its difficulties demand. I hope that, either in this meeting or some adjournment of it, you will, from your own point of view, be ready to discuss it fully and adequately with me. Indeed the value of the occasion would be greatly diminished if you failed to state with perfect frankness the conclusions at which

you arrive after hearing me and after you have weighed my proposals in your minds.

I do not wish to dwell on the history of the late conflict, still less do I desire to recharge your minds with the bitterness of it, yet it is necessary to my purpose that I should review briefly the factors which, in my judgment, have provoked the labour unrest from the effects of which we have suffered so severely these months past. Possibly in fulfilling my task I shall not attain to perfect impartiality, but I would ask you to believe that I am animated only by the friendliest feelings towards you all, and to keep clearly in your minds the central thought that my sole aspiration and object is to promote harmony between masters and men—not to widen their differences.

Factors of the  
Labour  
Unrest

I note, in the first place, that while the incitements to the manifestation of unrest arise from two sources, its causes are numerous.

As to the sources of the incitement, we must, by reason of their legitimate position, their responsibility and, upon the whole, their reasonableness, give primary place to the Trades-Unions.

In the second rank—and though these lack official authority they are scarcely inferior in influence—fall a variety of movements of the social-reform and politico-theorist type, whose advocacy, while marked by a certain amount of ignorance, much of exaggeration, and, in the case of a small section of the more militant Socialists, a considerable measure of malice, has been distinguished always—I must say this for it, however wrong-headed it may have been and is—by unmistakable sincerity of conviction.



The causes of the unrest are too numerous to specify in detail, but generally speaking they are to be traced to the unequal and not seldom unfair distribution of the world's rewards. Such of these as are not founded upon ability and merit I have never sought to defend. Being a subject of universal complaint, and covering a wider field than the relations of Capital and Labour, I will not stay to discuss them here. Let it suffice that this general grievance contributes its quota in substantial measure to the ferment affecting our own special problem. The inequalities of reward I can uphold at all times and without difficulty when they are the outcome of the personal activity or developed ability of the individual. Differences of brain power, differences of hand power, differences of muscular power, differences of character, being what they are, and human nature, above all, being what it is, I cannot perceive, even in the faintest way, how you are to get from inequality of service anything else than inequality of reward. Hence, and however much we may desire it otherwise, I am afraid that this side of the millenium at least, the superiority of the wages of Ability must be accepted as an axiom of our economics.

Having stated the main elements which go to mould opinion and shape men's actions, what shall we say of the men whose opinions and actions so largely determine the weal or woe of our combined enterprise? Taking them all-round, as honest, as well-meaning, as good natured and as hard-working as any body of operatives in the country. Intractable? Yes! Pugna-  
cious? Yes! Stubborn? To a degree! If they fight against you, it is hard, stern, warfare! If they uphold you, win or lose, you are backed by strong, solid, unflinching support! Those who know them not may deem them perverse in temperament and of peculiar

mood. I, who am of that same North Country stock, incline to the opinion that narrowness of vision, rather than lack of generous judgment, is accountable for much that at times is hardly understandable in their actions. The intricate interweavings of the work and traffic of the world are beyond the ken of the plain man and too distracting to be grasped; hence he must needs fall back on the few seemingly simple facts within his knowledge, and, if he is of the North Country, he will take his stand by them and budge for no man!

Now let us note briefly how the facts of the day, as explained to and comprehended by them, work upon the temperaments of a proportion of the men to be found in our shipyards and other works.

Substantial dividends declared by public companies, glowing speeches at their annual meetings, are apt to be put in mournful comparison with the artisan's condition and prospects.

The circumstance of a manager, sub-manager, foreman, or what not, removing from a small house in the centre of the town to a villa in the outskirts; or again, the morning call of the daintily-dressed women-folk of a director, in a carriage, upon a high-class fruiterer or jeweller, or dealer in bric-a-brac, say in Church Street or Lynn Street; or—topmost pinnacle of all, for I lack not the courage to take you the entire journey—the transfer of the home of the chief of the firm from a goodly mansion among you to a costly house in the West End of London and a fine seat in the country: things like these sometimes make a good man's gorge rise, not to mention the feelings of such as dwell in misery by reason of unsettled scores at the public-house, of losses due to betting, or of some other infirmity of their natures.

The justice or injustice of these things I am not at the moment discussing, but certain it is that in given conditions—such as a rise in the cost of life's necessities and, concurrently, a worsening of the prospects of trade—men brood over their lot, and (their temper perchance stimulated by the ardour of a certain revolutionary propaganda) a whole district, in due time, is found to be saturated with discontent and bitter feeling. Men in such mood are ill to guide, and throwing to the winds, often enough, the advice of their own trade-union leaders, they fall an easy prey to those who counsel them, either by pen or speech, that they are fools to submit longer to such conditions of unjust reward, and urge them, sometimes with rough vigour, at others by all the arts of denunciation and inspiration which skill and subtlety open to the orator and the agitator, to cast the present system of Industry and Commerce ruthlessly into the melting pot, to the end that ideal conditions may be created, involving absolute equality of employment, reward and enjoyment for all of us—in short, a glorious sphere of perfection and contentment, wherein most of us of this generation, I fancy, would cut a very sorry figure indeed! The net result of all this brooding and agitation and ferment is, that one fine day an entire area discovers itself, industrially, in the roughest of rough seas and every man swimming for his bare life.

And all this brought about by Ignorance and Irresponsibility working in double harness, without the slightest desire to realise the true inwardness of the position from the stand-point of those at whom they goad! So it is that I want to offer half-a-dozen observations from the point of view of Enterprise and Capital. These will be concerned, in the main, with the comparative positions of employers and employés and their true standing the one to the other.

In this connection observe, please, that in speaking of employés I have in mind the industrious, clean-living, honest and intelligent artisans who are entitled to respect, and that I distinctly dissociate from such remarks as I have to make that not inconsiderable section of "wage-lifters" who have never known and are resolved never to know the meaning of the word industry; such as sometimes expend more effort scheming the avoidance of labour than they would have to spend upon the actual toil itself. The men who play the despicable game of "ca' canny," and refuse to deliver the goods they have solemnly contracted to supply at a stated figure, place themselves beyond the widest-fixed boundaries of public toleration, and come in for condemnation from the Socialist quite as vigorously as from the Capitalist. Their hands are against every man's hand, not excepting their own.

No! In speaking of employés here to-day, I confine myself to such as deal honestly with themselves and by their employers, and I readily and gladly acknowledge that they are a vast majority of the total number. For these I have the esteem which is built upon a close knowledge of their various admirable qualities, as well as upon the sentiment of my personal identification with the class from my boyhood; and if the elderly men among you will carry your minds candidly over the long years I have been associated with this area as an employer of labour, they will acknowledge, I am certain, that, having regard to the enormous responsibility for the welfare of the interests of others that has meanwhile rested upon me, it cannot justly be alleged that I have ever shown myself other than their good friend.

Now let us come to our frank talk upon the relations of Capital and Labour. The active forces of the

Employers  
and  
Employés

A Vital  
Trinity

industrial world are usually represented as twins—Capital and Labour; but, for my part, they always resolve themselves into a trinity: Enterprise, Capital and Labour, no one of which can well do without the other. The relations of these forces, as we have had abundant occasion to realise, are extremely difficult to adjust: indeed, in my view the interests of Enterprise, Capital and Labour can never be quite harmonized—all that I can attempt with genuine hope of success will be the harmonization of the *associations* of Enterprise, Capital and Labour.

When Capital and Labour come together at the summons of Enterprise, they do not come together on the same footing, for Labour is not in a position to share in the risks which Capital can afford to accept. Labour wants a ready market; it must be able to dispose of its product quickly, it cannot wait even until a ship is finished, not to say sold. The provision of this ready market is one of the services that Capital renders and for which Capital has to be remunerated.

You speak of shipbuilders' profits. What do you mean? Do you really believe that the whole amount is the direct product of your labour? Have the artisans and labourers rented the premises and assembled the plant, bought the steel and wood and copper and brass, and machinery and fittings; drawn the plans, provided the gear, engaged the labour, and skilfully directed all to the common purpose, meanwhile finding the necessary cash to pay for all and keep all going, and watching every detail closely in order to ensure, as far as it is possible to ensure, a profit on the transaction? If not, is not a considerable share of such profit due to the people who have done these things?

You sell your labour and you sell it for all you can get. We sell our ships and we sell them for all we can get. That may sound very crude, but the system has been evolved out of the whole world's experience throughout the centuries. It is no arbitrary arrangement, nor is it as barbaric in its methods as some of you may think.

The Capitalist is not necessarily the wicked ogre he is sometimes painted. Capitalists may be oppressive, just as Labour may be greedy, but please remember that the Capitalist is, after all, but the medium by which the labour of the world is exchanged. If the Capitalist buys labour he also has to sell it and the product of the sale comes back in labour or labour's worth. The whole subject is surrounded by complexities, and yet, when one examines the matter intensively—which we have no time for to-day—it is marvellous how finely, in the long run and upon the whole, the balance is adjusted. But let us get back to "our muttons."

I am convinced that the only basis on which Capital and Labour can enter into relations primarily is that of buyer and seller of a commodity called labour and I am entirely satisfied that all attempts to produce more satisfactory co-operation between the two forces must rest upon a recognition of this great central fact, which keeps the working-man free from all the entanglements of speculation, often so disastrous in their results.

I am not, of course, ignorant of the fact that some employés and their friends picture me as a conscienceless gobbler of profits, which, if they could be wrested from me and the investor-speculators who entrust their capital to my care, would entirely transform the lives of yourselves and your families; but in nursing such

The Profit  
upon Labour

an impression, they are, I assure you, harbouring a delusion of the worst kind. The profit made upon the labour of each individual artizan or labourer is not considerable, or even notable, in itself: whenever a profit is made upon the commodity of labour by a company such as ours, it is really the almightiness of the mighty atom, in the sense of its multiplicity, which makes the employers' profit substantial. Further, when your minds dwell upon the prosperity enjoyed by our great industrial magnates, you will go sadly astray if you assume that these are all drawn directly from labour. The profits of Enterprise or Capital are often traceable in large measure to the exercise of shrewdness and skill in speculation, to bold ventures in the search for and utilization of virgin raw material, and to a variety of favouring circumstances and other extraneous elements. Courageously taking great risks, capitalist-speculators often find their foresight or their ingenuity or their daring bountifully rewarded; yet failure oftentimes awaits such ventures. But whether attended by gain or loss, the gain or loss, take my word for it, has comparatively slight relation to any profit or loss made upon the particular purchases of labour involved in the operation.

### The Gains and Losses of Capital

Let us now look this question of the gains and losses of Enterprise and Capital squarely in the face. To begin with, you must get clearly into your minds the governing fact that money is not put into such an unstable and uncertain industry as shipbuilding for the sake of four or five per cent. The capitalist really adventures his capital for the chance of a higher interest—for, say, ten per cent. rather than five per cent. The capitalist, I repeat, puts his money down in a speculative frame of mind; whether he gains or loses is his business, not yours, as employés, so long as his contract with you

is a fair one and faithfully carried out. The labour he has bought of you may yield him a profit or it may yield him a loss, but unless you are prepared to share with him in his speculation, in its losses as well as in its gains, you have no concern in the result, except that, for the sake of the labour you will have to offer in the future, you may wish that he may gain rather than lose. How the buyer of labour deals with his purchase, I insist, does not concern the vendor so long as it is duly paid for.

The employé, I know, conceives of himself often as being "had" or "done" or, in short, swindled out of wages to which he imagines he is entitled; but that is because he does not know the facts in the intimate way that the employer knows them.

For a reason which is to me always inscrutable, an employer, when he describes an unsatisfactory situation, is seldom believed by an employé, but whether you believe me or not, I must force upon your attention these facts as to the diversities in the sources of profit and loss. A gain may be due to a variety of circumstances: for instance, the purchase of raw material in various parts of the world, and of the numerous articles at home which enter into the construction and equipment requirements of shipbuilding and the trades allied therewith. Loss may be traceable to foolish agreements and contracts, or unwise sales and purchases; a rise in railway or municipal rates may create a difference on the wrong side; a rival may snatch an order from under your very nose and a slipway may stand idle for weeks or even months; a contract for a ship wanted with certain specialities in construction or for prompt delivery, to replace a lost vessel, may yield a substantial

profit; furthermore, a loss may be attributable to faulty design, or even miscalculation as to speed, carrying capacity, or draught, and so on. The ship-builder, after all, is a dealer, and according to the ability he brings to bear or the fortune, good or bad, which attends him in the field of his operations, so will his reward be. But whatever that reward is, he alone is entitled to it, just as he is entitled to bear and does bear the brunt of the loss which bad judgment or unskilful management or unkind fortune produce.

I have gone into these matters in some detail—in a way that few, if any, employers have attempted before—because I conceive that, having regard to the peace of mind of all of us, it is highly important that you should understand distinctly the causes of the differences in reward which so often disturb you.

### The recognition of Ability and Industry

From this point of view, I have dealt so far with things only; I will now apply the facts to persons. Whatever may be the principle and practice of your trades-unions, you cannot possibly escape the fact that in the world of Enterprise at any rate the principle of the wage of Ability is observed to the full. However your trades-unions may choose to disregard it, take my assurance for it, it is a good, sound, healthy principle—in fact, the hub of the wheel of life.

It is this fact of the recognition of Ability which accounts for the increase of salaries, with a consequent augmentation of the amenities of life for the recipients, to be noted among managers, draughtsmen, superintendents, foremen and the like; manifestations of superiority in ability, or ingenuity, or administration, have given these men increases of reward, just as the skill of the artisan brings him higher remuneration by a great deal than falls to the lot of the men who labour

for him. The same principle comes into operation when you work on the piece plan: the greater your industry, the greater your pay. If I may say so without egotism, this principle will also give you the clue to the larger proportion of reward falling to the head of the firm. On reflection, you will, I am sure, readily acknowledge that a generous reward for the men who find you in work is a wise as well as a just piece of policy. Even though it should be true that in many cases the men themselves are keenly interested in their labours, surely it would be folly of the worst kind to deal out rewards in niggardly fashion to those employers who, by reason of their imagination, their foresight, their capacity for buying at an advantage and selling at a profit, their acuteness and skill as financiers, their courage as investing-capitalists, or some other qualities, have been raised from comparative obscurity to positions of industrial and commercial eminence and influence. If they are not adequately rewarded for their exertions—and this is one of the perplexities of the Socialist ideal, by the way—are they likely to persist in them, think you?

But to return to the point whence I set out—the purchase price of labour. You may rest assured that unless there should occur within the next few years a pronounced acceleration of enterprise in the newer countries, or some overwhelming change to the good be vouchsafed by science or invention—taking things, I say, as they promise to-day—with society increasing in complexity with every revolution of the earth; with machinery becoming every year more and more a factor of the supremest importance; with, above all, a vastly intensified competition on the part of our rivals among the nations, as, for instance, Japan—it would not surprise me to see, within the next few

### The Future of Shipbuilding in this Country

years, Japan building ships and sending them to this country, and thus cutting us out by reason of lower costs of production—I say, without the intrusion of one or other or all of those stimulating conditions, I fail to see ahead of us, as builders of ships—apart from any merely momentary “booms” in trade, conditional on passing speculation or the freaks of the public—I fail to see on the national horizon any indications other than those of a future of increasingly strenuous struggle to maintain our position in the world, and if the rewards of labour are to increase materially it must be through the introduction of further original devices, a much keener avoidance of waste, a greater concentration of administration—in short, a more thorough and more persistent resolve after Efficiency.

# Friction and its Grave Consequences

Let us, however, get closer up to our more immediate business. When you recall the controversies which have raged between the sellers and buyers of labour in the industrial regions of the North of England during the past few years, you cannot be surprised at the information—if it is information—that those who have had to fight them through as the representatives of Enterprise and Capital (perhaps it is also the case with the representatives of Labour) are more than wearied of the fray.

Friction has become chronic in the shipbuilding industry. For all too long Friction has seemed to be served as an appetiser, as a species of managerial “pick-me-up,” before every meal; and, in short, we have had almost a death-dose of Friction. As you know, the manager of one of our yards has retired from the fray utterly tired out; and others have been tempted to follow his example. There is no reason, in the sense of personal need, why I, for my part, should

go on contending day by day with inconsiderateness, indiscipline and irresponsibility, and, as a matter of fact, I have more than once conned deliberately the question of retirement from this department of business and the confinement of my activities to other and rather more profitable branches of commerce; but I confess I don’t take kindly to the idea of owning myself beaten by any problem, least of all by such an one as this, and it is because I conceive that the fortress of your reason and goodwill is still open to capture that I present myself to you to-day. But remember, please, that the contest is with the problem, not with yourselves.

Thanks in large part to our strikes, our sectional and general strikes, the trade of the district—perhaps, even, the trade of the country—is in grave danger of being seriously damaged—at any rate hampered and handicapped—for a large period.

In every interest, then, it is our business, working conjointly, to get things on to a sounder footing. I make no profession of faith in the efficacy of any particular plan; I do not even attempt to lay down definitely any principle of action. Anxious as an Englishman to develop the prosperity of the country and generally to maintain the position and distinction of the race, I am here intent solely upon the promotion of Industrial Efficiency, and, as an outcome, Industrial Profit—for let me advise you with emphasis, that you cannot in these days have the second if you do not attain to the first. In short, I am here to present to you a choice as between two methods for the prevention of the friction that is proving so ruinous to shipbuilding—to suggest expedients by which the plague may be stayed, and the district, if not the country, given a further chance to enjoy a prolonged period of industrial peace and business content.

**Away-Out?** I could, of course, resolve to carry on the yards with the aid of men free from the entanglements, the wages scales, and the restrictions of the trades-unions. You know that some works are so conducted, and though it might entail an arduous struggle, I have proved before now that I can be equal to difficulties. As a matter of fact, however, it is not a way-out which commends itself to me, and it would be against the traditions of my whole business career. So far from hostility, it has been my practice for the past thirty-five years to encourage and uphold all that is sound and sane in trades-unionism. I do think—and I have the impression that a number of you agree with me in so thinking—that the unions are unwise in maintaining the policy of an inflexible standard wage in each trade, and not allowing of higher wages for men whose skill is notable or whose industry is exceptional—a policy, mark my words, which will one day, and that comparatively early, be abandoned. On the other hand, there is no getting away from the fact that we have in the unions, strong, alert, efficient bodies of workmen. In the main their members are able, industrious, reliable men, and their organisation has hitherto brought in its train the highly valuable factor of discipline. In a word, my disposition is, not to be in a state of antagonism towards, but in co-operation with, the trades-unions.

#### Proposal I.

#### **An Offer to the Employés**

Having thus excluded the alternative of the employment of unorganised labour from the scope of our present consideration, I will now submit to you the two sets of proposals I have to make.

Firstly: The Trades-Unions being the capable, organised, powerful bodies I have described, why should they not go into the business on their own account?

They have got the capital, they have got the organising capacity—Why not? We hear much to the effect that the day of the Capitalist is over, that there is now no need for capitalist-employers, that the hour has arrived for substantial experiments in Labour Co-partnership in its extremist form—that is to say, in direct production by labour, without the intervention or participation of people who are not directly representative of labour. Well, why not try their hands here? I offer to your unions, either singly or in combination, to hand over to them our shipyards at this port as going concerns for such sum or sums as may be determined by a recognised firm of assessors, appointed by joint nomination. My Company would not be exacting while you were in the preliminary stages—for part of the purchase money we would allow you ample time in which to turn round, and myself and my representatives would readily convey to you all the information at our command and such suggestions as might prove of service.

Having regard to the conditions of the industry, it is possible that upon consideration you may perceive certain difficulties and disadvantages calculated to prevent you from accepting the proposition just presented to you. You may discover, either that your unions have not capital enough to devote to such an object or that the other members of the unions would object to such capital being expended upon the works in which you, rather than they, are employed. It may be that although in a position to find funds, you have discovered that there is, after all, real reason for the existence of the Captain-of-Industry and the Capitalist-Investor; in short, perhaps you may realise, by investigation in the most practical form—the form of an attempt to supersede the present system—that without the

Proposal II.  
**A Limited  
Co-Partner-  
ship**

Captain-of-Industry to "make" and execute work, and the Capitalist-Investor to take the risk of carrying it through, you would find it difficult to exist at all.

In such case there is before you the alternative which forms my second proposition, and it is this :

I invite you to become limited Co-partners in these Shipbuilding Yards, as distinct from the shipowning and other ramifications of the firm of Furness, Withy & Company, Limited, on conditions which I will state within the next few minutes. Co-Partnery (or, as some people prefer to call the principle or practice, Profit-sharing) is still in a fluid state in this country—there are almost as many forms as there are Co-partnerships, the conditions being suited to the circumstances of each business ; but for all that, there are comprised in it features which, in view of the seriousness of our present situation, undoubtedly deserve to be tested as a means of avoiding the supreme disaster with which temper and indiscipline threaten our Industry.

Here, then, are the conditions—and the conditions, as the lawyers would say, are of the essence of the contract :

The initial condition is that the employé-partners should prove their good faith by becoming holders of special shares, to be called Employés Shares, in the capital of the Shipbuilding Company owning the Middleton Shipbuilding Yard at Hartlepool and the Harbour Dock-yard at West Hartlepool, under my Chairmanship, paying for such shares by agreeing to a deduction of 5 per cent. from their earnings until the total amount of their shares is covered. For the 5 per cent. deduction so invested in the special shares I have named, you would receive—whether the Company divided

any surplus profit or not—4 per cent. per annum as fixed interest. Such an arrangement would not interfere in the slightest degree with a workman's freedom of action, while a workman leaving the service of the Company would be able to sell his shares to one or more of his fellow-employés, at an assessed, or, it may be, an arbitrated value, based on the market price of the day.

With these explanations offered, I want now to ask you : Is it or is it not reasonable that you should have some small money stake in a firm in which you will be a partner ? Does not the very idea of partnership suggest a monetary participation, if not a monetary responsibility ? If you have not this form of identification with the Company, wherein will you cease to be wage-slaves, as our Socialist friends are so fond of calling you and themselves ? But this point apart : Isn't it, now, only just that those investors who are adventuring their capital in the Company, in admitting you to a participation in the profits—not merely in the way of the 4 per cent. fixed return just mentioned, but in a further manner which I will show you presently—should ask you to make it evident, by an act of self-help on your part, that you appreciate their good-will, that you will willingly co-operate with them in an experiment calculated to put an end to a friction which has been calamitous to all parties, and that you are anxious by your individual effort to do your utmost to make the experiment a pronounced success and the Company prosperous ?

The Works, of course, would continue to be under the control of a Board of Directors, with the supreme power, as at present, vested in the Chairman and Managing Director of the Company. On the other hand, neither would the attitude of the Company towards

**Employés'  
Shares on  
Easy-  
Payment  
System**



Conditions as to Authority, Pay, Hours, Funds Trades-Unionism or the Federation of Employers be altered; hours of labour, rates of pay, etc., would be governed as at present, with one essential difference which I will notify later.

One thing must be clearly understood from the beginning. While under the scheme projected you would enjoy at once a more intimate contact with the administration of the Company and participation in such profits as might remain after a certain percentage had been allotted to capital, the officers of the Company would have solely in their hands, as at present, the distribution of the funds of the Company. It would be a matter of agreement between us as to the amount of interest to be allotted to capital before any profits could be declared—as a matter of fact I am prepared to propose that this sum shall be at the rate of 5 per cent. per annum; but the amounts that would require to be set apart, in addition, for depreciation, for developments, for reserve, would be entirely in the determination of the Directors of the Company.

I am aware that a section of working men criticise the amounts laid aside by some companies for these various purposes, as being devices for concealing the real earnings of the companies from their employés. The dividend declarations of those companies which treat the necessity for these important deductions lightly are used by the employés as whips wherewith to lash the companies who are more prudent, on the ground that they are merely dodges for depriving the artisans and labourers of wages to which they are entitled. But take my word for it, these allotments to the funds that I have named, though they may vary in amount from year to year, cannot be dispensed with—that is to say, if the Directors have any regard

to the continuance of the Company with a reasonable hope of prosperity. A Captain of Industry who wishes to be regarded as other than a fool must make provision for the replacing of his plant and machinery, not merely in view of the wear and tear it is constantly undergoing, but also in view of the possibility that, any day, portions of it at least may need to be superseded for some device more rapid or more ingenious—at any rate, in some way more economical. If he desires to have credit as a practical man of business, the same Captain of Industry must estimate for losses as well as for gains during the year. For instance, there may be a lawsuit over the interpretation of the terms of a contract, with a ship thrown upon the hands of the firm, or, it may be, a case of alleged bad workmanship, or some other reason; or trade may be so slack or so difficult to obtain that even rents and administration expenses have to be made up, in part at least, out of the reserve fund. Above all, if the same Captain of Industry desires to justify his reputation as a man of Enterprise—as a man who foresees events and makes adequate preparation for their coming—he must lay up funds for extension of works and other forms of development.

I conceive that I have said sufficient to prove to you the imperativeness of the need for the various funds I have described to you. Possibly an arrangement might be reached that nothing beyond a defined percentage on an average of years should be put aside, in an ordinary way, for such purposes, but, apart from that, I think you will acknowledge that the circumstances of the firm and the trade, varying as these do from year to year, demand that the actual sum allotted per annum should be left entirely to the discretion of the Board of the Company.

## The Sharing of Profits

Now for your share of the profits. While you, as employés, would continue to work and be paid according to trade-union regulations and rates prevailing in the area, and would be receiving the 4 per cent. fixed interest on the shares you had bought on the easy-payment system, there would be divided between you as holders of employés' shares and the holders of the ordinary shares in the company whatever sum might remain after the apportionments for capital's interest (5 per cent.) and the depreciation, reserve, and development funds had been provided—such amount being shared between you, the employés, on the basis of your individual holdings, in addition to the fixed minimum interest of 4 per cent. per annum; and if by reason of fat reserve funds the shares of the company rose in value, your own shares would benefit by similar accretions. In this way you would receive not only a portion of the profit made upon your own labour—which I have already shown you is not much in the case of individuals—but also a share in the sums won by the foresight and initiative of Enterprise and the staying-power of Capital.

As to the actual payment of the amount of your profits: the outcome of the experience of a number of firms in Profit-sharing is an insistence that the proportion of profits which goes to the employés shall, in part at least, and certainly until the special Employés Shares are fully paid, pass to the credit of the shares held by the profit-sharing employés, who in the case of this company would be all the men and boys who may be in its service when the plan comes into operation. It has been found by experience that if any other course

is pursued, the benefits of discipline and thrift and the sense of solidarity with the firm are alike largely lost, and, even at the cost of inconvenience in individual cases, these must be secured.

So far as the bare monetary aspects go, I have described to you the essence of the scheme. But Co-Partnery means something more than mere money-making: it spells also, intimacy, friendliness, and above all, loyalty in work and deed. As a commodity purchased for a given price, there is no logical ground, I acknowledge, for the representation of labour in the administration of the Company. But I am no pedant, and frankly recognising that success in business to-day depends largely upon proper relationships between employers and employés, I hesitate not to "scrap" certain conceptions and notions that, however serviceable they were in their generation, have obviously passed their prime, and cannot profitably inspire the conduct of business to-day. So, business man as I am, I have resolved that I will permit no theory which counts not in practical fact, however staunchly it may be held, to interfere with the introduction of any system which may perchance bring in our day urgently needed Peace to an industry so intimately identified with the prosperity and progress of the Empire.

I fly to Amity, as I hope that you will fly to it, as a haven of refuge after a prolonged and worrying and sickening course of Friction; and even though, as a sort of by-product, Amity may make both the employé and the employer richer in the mere work-a-day meaning of the word, I shall likewise value it, as I believe you will value it, for the atmosphere of reason, the elevation of

## A Works' Council

thought, the stronger disposition towards cordial relations and co-operation of forces, which it invariably brings in its train.

That advantages, at once numerous and important, accrue from the participation of workmen, either elected or selected, in discussions affecting the affairs of firms has become increasingly obvious of late years, at least to those who have followed Co-Partnery in its more recent developments. I am not yet convinced of the expediency or the practicability of placing on the Board, upon which rests, along with the Chairman and Managing Director, the responsibility of the supreme control of the affairs of the Company—in whose welfare a large body of comparatively poor people, through their holdings in the parent company, will be interested as investors—an employé or employés without experience in the higher branches of administration; but I am prepared to try straight-away the experiment of bringing the officials of the works and representatives of employés into intimate and constant contact, so that an ugly brood, whom we may name Ignorance, Suspicion, Arrogance, Fretfulness, and Indiscipline, may no longer be able to raise their disturbing clamour without absolute answer on the spot.

I propose to set up a Works Council, to be composed of an equal number of representatives of the employés and representatives of the firm. It would be a kind of Court of Reference and Committee of Counsel rolled into one. Its chief purposes would be the promotion of friendly communication between the firm and its labour partners on all affairs of common interest, and an important part of its duty would be to take into consideration on

the instant, before any ill temper had entered into them, all matters or incidents calculated to breed friction in all or any of the departments of the establishment. I would have it made a medium for the asking of straight questions on any matter of concern; and, on the other hand, I would have it used by the officers of the firm to convey frankly to the representatives knowledge of any circumstances or conditions that might at the moment be influencing the business prospects and efficiency of the company.

Let me illustrate my point by a couple of examples: Some months ago this story went round the groups at our street corners, and you may be sure lost nothing in the re-telling. It was represented that the Chairman of Furness, Withy and Company, Limited, walked into the offices of the works one Monday morning, and in the evening seventy fitters—ignorant of the cause—walked out of the yard, free to seek work elsewhere, although their services might again be in demand at Middleton, if not instantly, within a very short period. These two sets of circumstances were directly associated in the popular mind as cause and effect, much to the damage of my repute among you, I am afraid; but as a fact, I can assure you "on the highest authority," as the newspapers say, that the Chairman of the Company, whatever else may have been the cause of his visit to the offices, had not the faintest knowledge of the intention of the Managers to discharge, either instantly or at all, the seventy fitters. Thus is the history of the market place written! To my second illustration: I have heard it reported as passing from mouth to mouth in the streets, that in days comparatively

Stories of the Street

recent and despite the severity of the depression which we have experienced, the Chairman of the Company with which you are identified has deliberately kept orders up his sleeve and withheld material from his yards, in order that he might punish the workmen in his employment. Again "on the highest authority," I assure you that this is another specimen of the vivid pieces of fiction concerning myself and my action which, sown by malice and nurtured by irresponsibility, have grown and flourished in the soil of ignorance.

Now, wicked gossip and pure suppositions of the kind I have just recited would be speedily squelched, I hope, if we possessed an institution of intimate and friendly intercommunication such as I have indicated; while, on the other hand, it would enable the firm to rest itself upon the sympathy and goodwill, and, indeed, the co-operation, of the employés, by putting them in possession of the facts as to difficulties and obstacles encountered by, or demands for special or superior or rapid work made upon, the company.

**The  
Prospective  
Value of the  
Council**

It must be distinctly understood that this arrangement is not intended to supersede in the least degree the authority to engage, instruct, direct, suspend, or discharge employés which is vested in the officials of the Company, but it is hoped that by the machinery for quick intercommunication and representation it would set up, by the possibilities for intimate inquiry, familiar intercourse, and friendly persuasion that it would bring into being—the Council could be summoned into session, if need were, within the compass of an hour—it would play a highly important part in smoothing out

difficulties in their opening stages, and developing a state of feeling throughout all departments that would make them in time the pleasantest and possibly the most profitable works on the North-East Coast.

Now let us examine frankly one of the difficulties, perhaps the chief difficulty, that you as employés may experience in accepting the latest form of proposition I have to lay before you. One of the most up-to-date authorities on Trades-Unionism recently observed that it is becoming axiomatic—that is to say, economic history is beginning to testify—that as the pay and conditions of labour the better grow, the weaker Trades-Unionism becomes, and there is some reason to believe that the Trades-Unions have hitherto looked somewhat askance at profit-sharing schemes. Now, having genuine regard for the interests of all parties, I think it would be a cause for profound pity if such a project as that I am outlining were to be wrecked at the outset, before trial, out of pure, unproved, untested fear, through the Trades-Unions concerned branding it with their veto.

I think I have shewn to you—I hope I have proved to you—that I am a sincere friend of Trades-Unionism; and certainly I have resolved that it shall be through no narrowness of mind on my part if the Trades-Unions should influence the rejection of this project by the employés. One of the most influential of Trades-Unionists has declared that Trades-Unionism would exhibit none other than a friendly attitude towards Co-Partnery so long as Co-Partnery did not seek to cut the feet from under Trades-Unionism; and I am now prepared to give you adequate testimony that in

**Represent-  
ation  
by Trades-  
Union  
Officials**

seeking to put an end to a friction that threatens to put an end to the industry, we are not at the same time seeking to put an end to the Trades-Unions at present in association with these works.

Let me here, and by the way, take note of the fact that in addition to a representative from each trade employed in the works, I have invited to this "Family Council" of ours the secretaries or local representatives of the numerous Unions in the area who have members engaged in the works. I would have them feel that they are here with the best of goodwill on my part as well as with the goodwill of my employés.

#### The Constitution of the Council

From several causes the constitution of the Works Council—I best like to think of it as a Committee of Counsel—is a business of considerable delicacy. Seeing that the Trade Societies represented among the work-people number some thirty altogether, clearly the Committee cannot simultaneously and continuously consist of yard representatives of every society having members working in the yards, unless indeed these are content to solidify their representation, by selection, into a small delegation; it is more probable that the seats upon it will go round the societies in rotation—of course, always with proper regard to the proportion of employés belonging to each occupation—the changes being made every year, which would give the employés and the firm ten seats each upon a body constantly in existence. But whatever be the final constitution of this Committee of Counsel—and that would have to be settled between us—I am willing enough that the outside representatives of the Trade Unions should be, in some form or another, in a position to participate regularly and intimately in its proceedings.

For a reason which I will give you in a moment, I am anxious that they should not be substitutes for artisans or labourers employed in the yards. To the facility afforded to representative artisans and labourers directly employed in the works to ascertain facts and learn arguments quickly at first hand, and to their ability to make them known as quickly, on their own authority, to their "mates" in all the departments of the yards, I attach the greatest importance; but all the same, in every interest, I would like the Council to have the benefit of the presence and the counsel of the permanent officials of the Trades Unions.

In the matter of the difficulty of constitution, perhaps we may get an analogy from our Borough Councils: the direct representatives from the yards might compare with the Councillors, the Union officials with the Aldermen. The chief objection, we see again, is in the number of the Unions—the Aldermen, in short; but again we see that, like the direct representatives from the yards, they could take seats by rotation, according to position and proportion, every year, which would bring down their number sitting at one time, as would the direct number of representatives from the yards also be brought down, to five. This form of appointment, however, at least possesses this advantage—it might and probably would now and again result in a trade receiving a representation when it would otherwise, in a particular year, be without such representation. Anyhow, I have shown you my disposition towards the representation of the Unions, and there I must for the time being leave the question of method.

Trades  
Union  
Officials as  
Aldermen

Now let us come to the most material point of all. I am proposing to enter with you into a

The  
Consider-  
ation :

The Essence  
of Good  
Partnership

bargain, the most momentous bargain in all probability hitherto projected in the Shipbuilding Industry of this kingdom. Mark, I am not suggesting that there is any feature of generosity on my part in this business; and as for patriotism,—I am sure that yours is equal to mine. I am offering to you the chance of certain advantages—the relief from worry which comes from the substitution of harmony for controversy; the saving of that heavy drain on the funds of your Trade Unions which Strikes necessarily involve; gain, conceivably, from a greater regularity of employment and increased efficiency; and, possibly, an appreciable addition to your annual income. I do not offer these to you as a free gift—you would probably resent them if I did.

What, then, is the consideration, as business men and lawyers say? It is that you should become Co-Partners in reality as well as in name; the true partner, the genuine partner, being a man who is concerned constantly for the success of the business with whose welfare his own welfare is so closely interwoven—a man who is as unbending as granite against waste, whether in material or in time—a man who watches keenly every possible avenue for the adoption of economies—a man who is ever zealous in the performance of his part, and ever alert to secure to the firm the utmost advantage out of every factor with which he may come in contact. A real partner comes to his work full of self-respect, fit in every way to do at any time any work he may be called upon to do. A real partner does not place obstructions in the way of another partner's performance of his duty, and if such obstruction exists from any cause, helps in every way he can in its removal. A real partner

rarely spends time in leisurely rests, and certainly does not spend it upon boyish "larks." A real partner has always an appreciation of the costs of things; he has always his mind upon more economical ways of doing things. A bona-fide partner, in short, is a man full of zeal for the good of the firm as a whole, and, doing his own work in an honest and ungrudging spirit, he insists that others shall do it likewise in an honest and ungrudging spirit.

Employés, I am aware, frequently maintain that business houses often engage too much supervision, too many clerical people, and so on—in summary, they insist that there is, as they put it, "too much cloth" in most establishments. Well, genuine co-partners, eager to advance the prosperity of the enterprise, would not be slow to use the Works Council as their intimate channel of communication in order to indicate to the governing partners directions in which supervision might be withdrawn, clerks saved for more useful employment, messengers put to more profitable work. A real partner, in brief, would always have his eyes open to ways in which the interests of the firm could be advanced rather than retarded; and would ever seek to be prominent in the business of enlarging its reputation for sound and smart work, and thereby increase, year by year, the standard of its prosperity.

Above all, a real partner would be very slow to raise points of difference with his co-partners, especially points of difference calculated to delay the delivery of goods to customers; most certainly a real partner would not stop work until these points of difference were settled, but rather, would go on working while they were in the course of settlement. There you have my main point, my

**Economy in  
Supervision**

**The  
Stoppage of  
the Strike**

outstanding reason for introducing the proposition to your notice : I trust sincerely that it will be an all-powerful weapon for stopping these Strikes, whether sectional or general, which have been the curse of the Shipbuilding Industry during the past few years, and will be its ruin if they do not cease.

I am anxious to introduce, in the first place, such a community of association and interest as to make differences and disputes improbable, and then, should differences and disputes, despite all precautions, arise, that they should be carried through to a settlement without those irritating and inflaming interruptions of business which entail such costly punishment upon us all, whether we be employer or employé. In a sentence—and this is the exception I spoke of earlier in my speech—it will be an imperative condition of the agreement that I propose to you, that under no circumstances whatever shall the employé co-partners go on strike against the directions and decisions of their co-partners governing the administration of the business; that whatever be the causes of complaint that may arise against the management, the Labour co-partners shall, by their representatives, submit their objections in a friendly spirit, through the channel for friendly intercommunication duly provided, and that every effort and artifice of Amity shall be used by both parties to the dispute to bring it speedily to a close on the basis of mutual satisfaction and good fellowship, it being understood always that a strike would overthrow the system.

But, conceiving a case of failure on the part of the Committee of Counsel to agree on any serious point

in controversy, it would not follow that the governing-partners would in such instance act in an autocratic way and enforce their view at all costs. Influenced, as we are, by the spirit of Amity and Justice—believing that what is ethically good cannot be commercially bad—we have further resolved that where the methods of conciliation provided by the Works Council (or Committee of Counsel) fail to attain their object, the controversy in all matters in the major category shall be left to be settled by a Court of Arbitration, to be composed of three members from either section of the Works Council (six members in all) and a Referee (conceivably the County Court Judge for the district) nominated by the Works Council; or, if it is preferred, a Court can be set up in the fashion provided by the machinery established by the President of the Board of Trade, which scheme, I may mention, has been disclosed since the project I am now submitting was first outlined for the purposes of this Statement.

#### A Court of Arbitration

You recognise, I am sure, the force of the arguments lying at the back of my cardinal condition. If, while the system is in operation, you should still betake yourselves to the instrumentality of the Strike, why should the system have been brought into existence at all, and what hope is there for its success? Why should I go into it at all if you cannot restrain yourselves from throwing up your jobs on the slightest provocation? If there are to be strikes as aforesaid, why need I endeavour to arrange matters on an amicable footing? The game must be played in a spirit of absolute fairness and of comradeship or not played at all. If you cannot see your way to abandon the Strike, you had better at once be frank and say to me: "We thank you for placing your proposition before us, but we think, on the whole, that we shall in the long

#### Labour's Grave Responsibility

run get more out of our ancient weapon, barbaric though it may be, than out of your new-fangled method."

The great responsibility of accepting or rejecting a proposition marking a striking advance upon the present system, with its innumerable evils, grown quite intolerable, now rests with yourselves. I need not say that I am entirely willing to listen to any suggestion calculated to improve or strengthen the scheme; but at the same time I tell you with all distinctness, I am not prepared to accept any amendment or alteration that would bring the co-partners of this great company into the open conflict of a strike, with the all-too-familiar accompaniments of bad temper and idleness, bitterness and distress. The prime object of the project will be defeated if the employes at any time, either in a body or in sections, should proceed gaily to throw up their tools and march out of the yard in anger in the wretched old-fashioned way.

### The Advantage of Co-operation

Now you have my proposals, in main outline at least, before you in their entirety, and I think you may discern in them a scheme by which our mutual troubles may be overcome, not only without loss, but with positive gain, to both Labour and Capital.

Capital and Enterprise may gain a little through the extra zeal and energy manifested, and the greater discipline and stricter care observed by Labour; on the other hand, Labour, I venture to suggest, is likely to benefit even more from the increased interest and confidence that are likely to animate the Company's affairs, under circumstances more inspiring both to Enterprise and Capital.

While the scheme, in all likelihood, will give you more agreeable conditions and greater regularity of

employment, the acceptance of the project, I would have you observe carefully, does not involve on my part anything approximating to a guarantee of constant work at good wages, for we cannot by mere co-operative association remove our rivals, whether domestic or foreign, from the field of competition: at the same time it will be obvious to you all that, though we will still have competition to face, we shall be the more likely to overcome it when we are united than when we were confronting each other in sullen, embittered array.

I shall entertain no regrets if the Unions resolve to accept my proposition that they should take over the Works at an impartial valuation; on the other hand, I confess that I should experience satisfaction at your acceptance of the Co-Partnership scheme, because it would give me the opportunity of co-operating with you in carrying forward a project, which, if successful, must become a prominent landmark in the advance of our historic Commonwealth towards an ideal more ardently to be sought after now than ever before—the ideal of Industrial Peace and Industrial Efficiency—the linking-up of all interests in a common bond of Amity, with, let us hope, as its unfailing, irresistible issue, National Prosperity and National Progress.

On your part, I am aware that my proposals will demand very full and very serious consideration. The condition in relation to the Strike is probably for you the crux of the situation. Assuming that for yourselves you agree to abandon it in our own yards, how, you will be asking yourselves, are you to stand with the Unions in the event of a general strike?

Knowing the shrewdness and the skill of the Executive Forces of Trades-Unionism, I am satisfied that an arrangement which will exclude you from participation in such a strike is not beyond their

An  
Imperative  
Ideal

The  
Difficulty of  
the Unions



ingenuity. The sacrifice, do not forget, would not be wholly on your side, since we as employers would have to relinquish our corresponding weapon, the Lock-out.

The leaders of your Unions cannot fail to give just weight to the fact, that this is not the case of an employer asking his employés to throw over their Trades-Unions, but rather the case of an employer who, as the outcome of independent thought over a perplexing problem, is voluntarily offering to place Trades-Unions in a position of influence, advantage and strength that they have never before occupied in their entire history; and, remembering the momentousness of the issues at stake, I am confident that they will not find it impossible to so arrange that my proposals, if otherwise you regard them as desirable, may be at least tested in practical operation.

#### A Prophetic Word?

One last word, perchance a prophetic word: May it not well be that our scheme, if attended by success, might lead ultimately to the instrument of the Strike being abandoned throughout the entire Industry, and the establishment of a Board of Arbitration, composed of delegates from the Councils of the various Works in the area, with power to appoint an Arbitrator, for the settlement of all general differences? The idea is not at all visionary, and it may properly be permitted to influence us in our own decision.

#### The Date for Decision

As I have acknowledged, the proposals presented will demand full and serious discussion at your hands and the hands of your members; but I conceive that you will not consider me unreasonable when I announce that I should wish to have your clear and definite answer on the broad issues as early as possible, and that I shall expect to receive your final and absolute decision by Thursday, November 26th.

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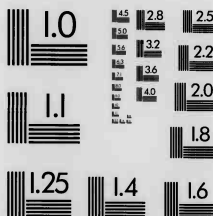
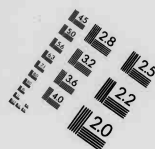
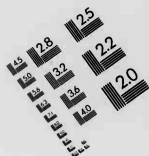
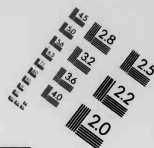
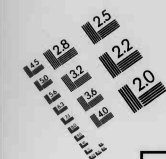
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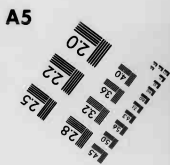
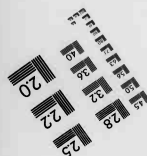


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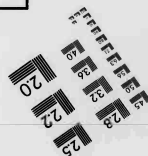
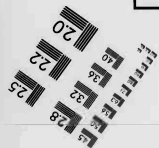
2.5 mm



PRECISION<sup>SM</sup> RESOLUTION TARGETS



A&P International  
 2715 Upper Alton Road, St. Paul, MN 55119-4760  
 612/738-9329 FAX 612/738-1436



### Sir C. Furness on Industrial Peace.

Moved by the acute trade dissensions which for some time past have disorganized the shipbuilding industry of the North-East Coast of England, and even threatened its destruction, SIR CHRISTOPHER FURNESS has invited the representatives of the trade unions concerned to confer with him on the situation. We publish the main part of the remarkable speech with which he opened the proceedings yesterday, a speech which some may think all the more remarkable because he is one of the staunchest Liberals in the north of England. His remarks are characterized by extreme frankness of statement, by their perfectly calm and businesslike tone, by the total absence of recrimination, by studious avoidance of everything savouring of sentiment or rhetoric, and by the manifest earnestness with which he points out in the most friendly way the rocks upon which the workmen are making shipwreck of their own interests while trying to extort what they think more just remuneration from reluctant employers. He lays before the conference two alternative proposals, one of which eliminates the capitalist altogether, while the other offers the workmen a profit-sharing co-partnership with him. SIR CHRISTOPHER FURNESS hopes that, by accepting one or the other, the workmen associated in their trade unions will put an end to the friction which at present is working incalculable mischief to all, while bringing no real benefit to any. He asks for fair and full consideration of his proposals, and hopes for a final answer by November 26. By the first proposal he says, in effect—You are told, and some of you apparently believe, that capital is, if not the enemy of the workman, at any rate a grasping partner cheating him out of a great part of the fruit of his labour. Very well, I offer you the opportunity to get rid of that partner altogether. I am very tired of the endless quarrelling, and have no wish to stand in the way of any system which enables you to dispense with the capitalist. Therefore the shipbuilding yards of FURNESS, WITHEY, and Co., are placed at the disposal of any union or combination of unions that cares to take them over and work them on the co-operative system, for the exclusive benefit of the workers. They will be sold at a price fixed by assessors jointly nominated, they will be handed over in full working order, and the vendors will impart every information they possess that may aid the purchasers to carry them on successfully.

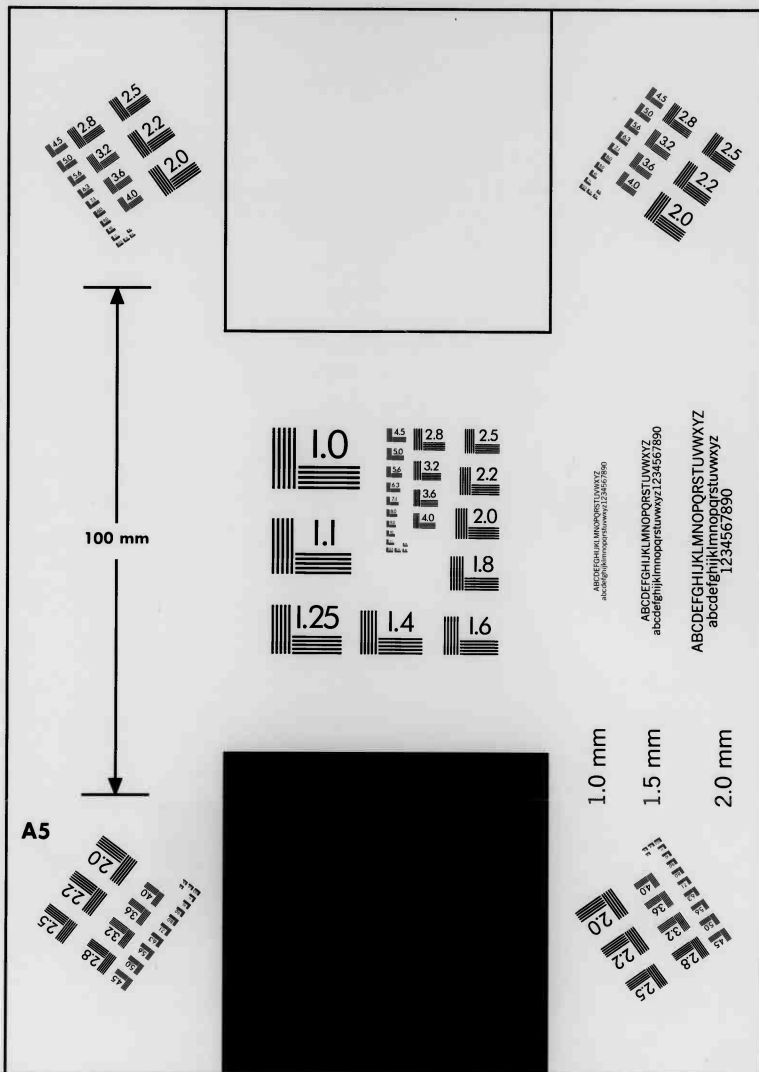
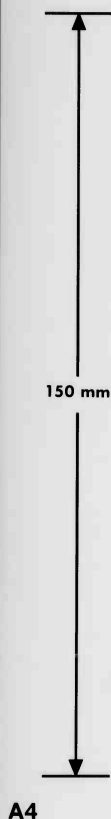
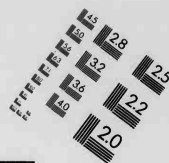
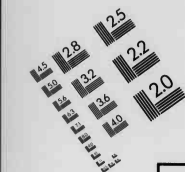
The second proposal is of a more complicated character. The workmen are invited to become limited co-partners in these shipbuilding yards. The workmen are to become holders of special shares to be called *employés'* shares, paying for such shares by agreeing to a deduction of five per cent. from their wages until the amount of their shares is covered. On these shares they would receive four per cent. interest, whether the company divides any surplus profit or not. Possession of the shares would not hamper any workman in his movements, since they would remain at all times a marketable security. Out of profits it is proposed that five per cent. shall be reserved as interest upon capital, and that the usual provisions for depreciation, reserve, and development funds should be made. All the available surplus would then be divided among the holders of the *employés'* shares and of ordinary shares. Good reserves would enhance the value of these shares in the market, and would ensure the permanence of the profits. Thus the workmen would have, in the first place, the usual wages upon the trade union scales for the district, in the second place four per cent. certain on their investment, and in the third participation with the ordinary shareholders in the whole of the profits of the business above five per cent. There is no logical ground, SIR CHRISTOPHER FURNESS admits, for adding to these advantages the representation of labour in the administration of the company. But he wants peace, intimacy, confidence, and harmony. In the hope of obtaining these things he is prepared to "scrap" any conceptions or notions that may stand in the way. He therefore offers an internal council on which workmen and capitalists will be equally represented, and in which the trade unions will also be directly represented as well as the actual workmen of the company. That council would supervise all the ordinary administration of the business, with an arbitration board behind it to deal with any particularly knotty problem. The finance of the company, and the determination of what is needed for reserve, or to meet contingencies not obvious to the ordinary workman, would remain in the hands of the directors.

This is an exceedingly liberal and broad-minded offer, for which the closest precedent is probably the scheme by which SIR GEORGE LIVESEY, whose death we have just had to deplore, achieved such remarkable results. The scheme cannot work, as SIR CHRISTOPHER FURNESS explains with great cogency, unless every man so taken into partnership becomes a real partner, puts his back into his work, and studies the interests of his company. There must be an absolute end of strikes, otherwise the whole thing must go to pieces; and there must also be an end of the "ca' canny" system, with all its demoralizing ramifications, otherwise there can be no success. But if anything can put a new spirit into British industry surely this liberal scheme of profit-sharing will do it. SIR CHRISTOPHER FURNESS is a great believer in straight talk, and one cannot but think, in viewing many trade disputes, that there is far too little of it between masters and men. He hopes that it will be promoted by his Family Council, as he loves to call it, and that a wider knowledge of the real difficulties of business management and of the real effect of wages demands, that may seem small to the individual, will result in a better and more reasonable frame of mind among the co-partners, leading to

Times, Oct. 8, 1908.

**REDUCTION  
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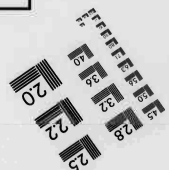
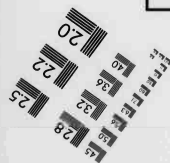
# PM-MGP METRIC GENERAL PURPOSE TARGET PHOTOGRAPHIC



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2715 Upper Afton Road, St. Paul, MN 55119-4760  
612/738-9329 FAX 612/738-1496



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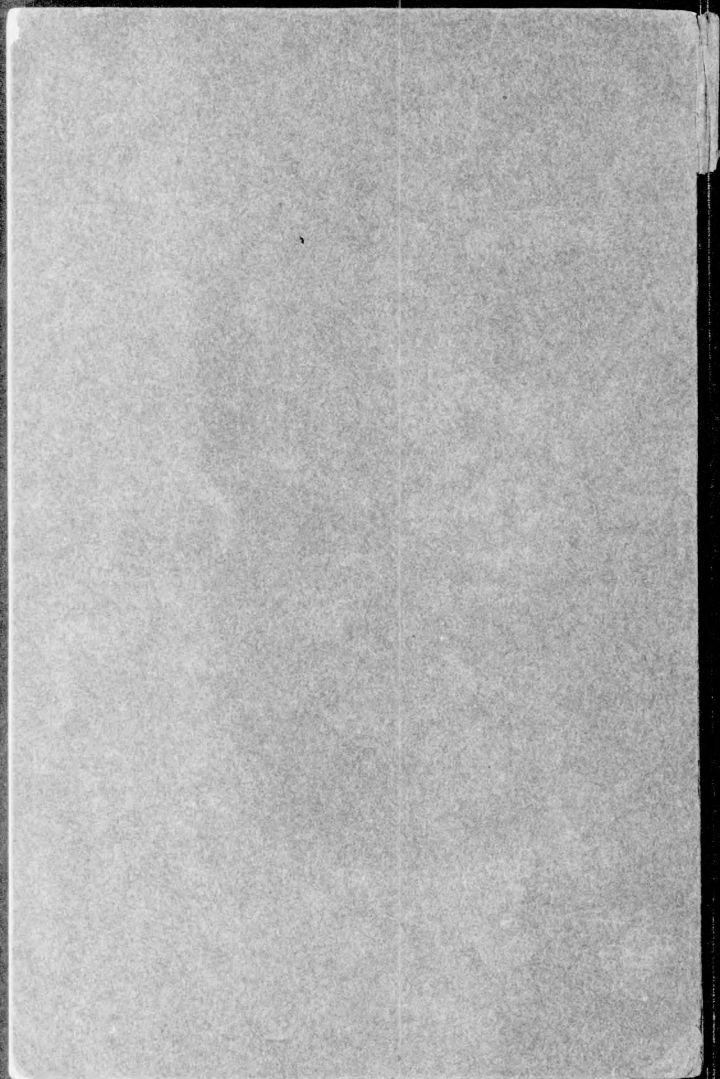


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*Times, Oct. 8, 1908.*

heartly and harmonious co-operation for the common good. The decision of the workmen will be awaited with uncommon interest.



**END OF  
TITLE**